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7 March 1957

MEMORANDUM FOR: Assistant Director for Research and Reports

SUBJECT: Summary of the Detailed Presentation on Polish Agriculture,
Friday, 1 March.

1. The presentation was made by Mr. Iwashkiewicz who is the "agriculture" man on the Polish National Planning Commission. He is a very thorough bureaucrat with an unusual penchant for detail and has seemed very anxious "to please" in the course of the talks thus far. The abstract presented below follows the order of presentation by the speaker and has been expanded to include answers to the questions raised by the U.S. delegation, thus some repetition and lack of organization is inevitable.

2. Speaker first turned to a description of the division of the land. Eighty percent of agricultural area is in peasant holdings, 12 percent in collectives and 8 percent in state farms. There are about 3,000,000 peasant holdings averaging about 6 hectares compared to an average peasant holding prewar of half this land area. Poland has virtually no land reserve at present; only about 400,000 hectares could possibly be reclaimed and this only with large capital expenditure. Poland must rely upon increasing the intensity of her agriculture for future gains in production.

3. Polish agricultural production increased by 19.5 percent for crops and 34.5 percent for animals from 1949-55. Per capita agricultural production increased by only 12 percent during the same period. At the end

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of this period 60 percent of available hectares were planted to grain, 17 percent to potatoes, 5 percent to industrial crops. Remainder was not identified so that it could be understood.

4. Production (1955) per hectare was given: for grain, 14.3 quintals; for potatoes, 100 quintals (135 in 1954 which was more normal); 136 quintals for sugar beets. Production data were given for certain basic agricultural products:

	<u>000 MT</u>		<u>000,000 head</u>
Grain	13,300	Cattle	7.9
Potatoes	27,000	Hogs	10.9
Beets	7,300	Sheep	4.2
Rape seed	151		
Flax	275		

He indicated that animal product output was greater than the increase in animals because of reductions in slaughter weight aimed to achieve a more nearly optimum slaughter weight.

5. He also averred that the hog-cattle ratio was too high but that plans were now laid to increase the cattle population at a higher rate. The present relationship results in loss of butter and beef for export and loss of manure for small farms as well as an inordinate requirement of fodder for the hog population. Mr. Iwashkiewicz stressed the fact that Poland was short of fodder, especially protein fodder. Moreover, animal production was being hampered by a lack of buildings for livestock.

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6. The caloric intake of Poles was characterized as 32 percent from animal products and 68 percent from crop products. Per capita consumption in Poland for 1955 with the appropriate increase over prewar was given:

	<u>Per Capita Consumption</u>	<u>1955/1938</u>
Grain	166 Kilo	121 percent
Meat and Animal Fats	37.7 Kilo	192 percent
Milk and Milk Products	322.6 Liters	123 percent
Eggs	135 Units	135 percent
Sugar	23.4 Kilo	233 percent
Vegetables	84 Kilo	124 percent

7. The current FYP looks toward more rapid expansion of agricultural production in an effort to reduce the disproportions which have been built up by Poland's previous emphasis on heavy industry. Gross agricultural output is expected to increase 25 percent and real agricultural wages 30 percent; crop production to increase 22 percent and animal production by 27 percent. The cattle population will increase from 7.9 to 9.9 million head, hogs from 10.9 to 12.4 million head. In addition Polish agriculture must receive more fertilizer machinery and building materials.

8. Major attention will be devoted to increasing incentives to peasants and other farm labor. Price increases have been and are being initiated, compulsory deliveries will be reduced and more manufactured consumer goods are to be made available to the peasant.

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9. Certain changes are being made in agricultural administration.

There will be an initial slow-down in the rate of organizing new collective farms. Collective farms with poor production records will be disbanded. The central government must remove itself from the internal affairs of the peasants and collectives. Additional aid (money and materials) will be made available to collectives with good production records. The system of MTS will be reorganized to permit additional machinery to go to the private farmer cooperatives and to secure more direct control of machinery for the collective farm. Collective farms will become increasingly specialized and collective processing and marketing organizations will be encouraged. Private handicraft production in the village will again be encouraged.

10. The price paid for compulsory delivery of grain has been raised from 61 to 120 zloty per kilo. A gradual reduction in compulsory delivery will be carried out with the objective of eventually eliminating compulsory deliveries. Compulsory deliveries will be reduced to 630,000 MT of grain for 1957, a reduction of 30 percent from 1956. To do this Poland will require 1.2 million tons of grain as a reserve (3 months) for urban grain consumption. Mr. Iwashkiewicz pointed out that for the early period, at least, the farmers will probably hold back grain and that the urban bread supply must be assured. Any attempt to buy withheld grain would seriously disturb prices and markets. Prices paid for wool and raw hides

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have been increased and they hope to increase the prices paid for milk and milk products. The agricultural land tax is also to be reduced in 1957.

11. The speaker characterized the most urgent needs of Polish agriculture as the need for buildings, labor, machinery, fertilizer, drainage and electrification, which leaves little "unneeded." The government has allocated twice as much building material to the agricultural sector as in the previous year(s?), and efforts are to be made to produce building materials from local material for an additional boost to construction. He said Poland had few tractors, only .39 (15 horsepower units) per 100 hectares for private agriculture and 1.7 for state farms. More tractors must be produced and sold to private farmers and cooperative machinery centers as well as to state farms. Poland will have to import tractors or the equipment to manufacture additional tractors. They have little in the way of planting and harvesting machinery. The Poles have never been able to build a satisfactory sprayer and need such equipment seriously. The speaker stressed the need for motors, especially electric motors, for all such equipment. Production of fertilizer is planned to increase 77 percent in 1956-60, but this will not be enough. Fertilizer is presently used almost exclusively on commercial crops, e.g. sugar beets, flax, etc. Present fertilizer applications would permit an import of one dollar in fertilizer to yield about two dollars in grain output.

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12. The Polish delegate emphasized the critical nature of the fodder problem. Poland must import large quantities of protein fodder to sustain her current animal population. 82,000 MT was imported in 1956, by 1960 imports of protein supplement should reach 180,000 MT per year. The high ratio of small holders in Poland favors animal production and such a program must be carried out to secure an optimum agricultural program.

13. To question on the statistical base, barn or biological yield, Iwashkiewicz flatly stated Poland had always used product harvested and in the barn. He proposed that a statement of the statistical techniques used in agriculture be prepared and be furnished to the working group dealing with agricultural problems.

14. A question was raised on the long-run effect of Poland's new agricultural policy upon foreign trade. The Polish delegation either had not thought this one through fully or they wanted to hedge. Much quick whispered discussion came out, "they would export some commodities and import others." They thought that they would continue for several years to import about 1 million MT of grain. Even as fodder production increased, they would have to import 30-35 percent of their fodder and a higher proportion of protein supplement such as oil seed and oil cake. Their principal exports would be meat products and sugar. Agricultural products would comprise only about 10 percent of their total future exports.

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15. On Monday, 4 March 1957, questioning on the Polish agricultural situation continued. Mr. Iwashkiewicz began by presenting the major commodities and volume of Polish trade in agricultural products for 1955, 1956 and plans for 1960.

<u>Imports</u>		<u>000 MT</u>	
<u>Commodity</u>	<u>1955</u>	<u>1956</u>	<u>1960</u>
Oil seeds and fats (units of pure fat)	68.9	76.2	117.0
Cotton (all types of fiber)	95.0	85.0	128.0
Wool	16.0	16.0	25.0
Grain (bread and fodder)	1200.0	1100.0*	1100.0*
Rice	30.0	32.0	100.0

* Does not include grain stock requirement for compensation of expected shortfall from the reduction of compulsory deliveries (1,200,000 MT).

<u>Exports</u>			
Meat products	73.2	77.2	70.0
Bacon		48.0	
Ham		13.0	
Poultry		8.6	
Eggs			
Shell (million units)		344.0	400.0
Frozen		1.9	2.7
Sugar		372.0	350.0
Barley		32.0	30.0
(1950)			
Malt (Barley)	15.0		16.0

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16. Mr. Iwashkiewicz then gave production, consumption (other than export) and stocks of Poland's principal agricultural products for 1955 and 1960. He had like data for minor crops which he thought might be better presented later in the agricultural working group.

	000 MT	
	<u>1955</u>	<u>1960</u>
<u>Grain Production</u>	13,300	
<u>Consumption</u>		
(Almost all urban consumption, with limited rural purchases.)		
Bread	1,800	2,000
Wheat flour	330	441
Other flour	566	661
Groats and cereals	274	366
<u>Grain stocks</u>	300 (1 Aug 56)	1,200*

* 3 months' supply for the urban market in 1957.

<u>Sugar Production</u>	980	1,350
Sugar Consumption (All types, domestic most)	493	700
Export	370	350

Sugar stocks are considered adequate.

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	1955	1960
<u>Meat Production</u>	628	910
<u>Domestic Consumption</u>		
Fresh meat	160	300
Meat products	220	300
Export meat	73.2	70
<u>Meat Stocks</u>	Only enough to assure the market supply in non-slaughter season.	
<u>Butter Production</u>	61.0	95.9
<u>Butter stocks</u>	1.6	(Must be higher than 1956)
Consumption of oils and fats	127.0	(1958) 180.0
Domestic edible fats	52.0	(1960) 66.0
Soaps	38.0	(1958) 62.0

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Several major problems exist in the area of fats and oils. 1) Poland must increase its production and import of oil seeds and decrease imports of refined oils. 2) Poland must increase use of oil for margarine and reduce domestic use of butter, then export the butter to get foreign exchange. 3) Poland must increase the use of vegetable oils in soap making and increase the production of detergents so as to reduce the required imports of oil and their cost to the minimum practicable level.

17. To a question on internal prices for agricultural prices, Mr. Iwashkiewicz produced four pages of commodities with their procurement and retail prices. These data were to be given to the U.S. side in the agriculture working group which is headed by Mr. Gordon Frazier, Mr. Gus Burmeister is the Agriculture representative on the U.S. Delegation.

18. A long hypothetical U.S. question was raised dealing with the extraordinary success of Polish agriculture based upon the "impression" Polish statistics would give you if not carefully analyzed. Iwashkiewicz was quick to alloy the impression other than for the real gains achieved which are quite limited except in animal production. Gross agricultural production in Poland had increased only 8.7 percent over 1938 by 1956 rather than the 15-20 percent which might be inferred from piecing together announcements. Crop production has increased only 3.1 percent in the same period of time. Grain production is almost equal to 1938,

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12.6 million tons in 1938 and 12.7 million tons in 1956. There are, however, many fewer Poles to feed so that per capita production has increased sharply, about 30 percent over the same period. The apparent improvement of the grain position has been mitigated by the rapid increase in animal production. Hogs increased from 7.5 million in 1938 to 11.6 million in 1956. Although the slaughter weight of hogs has been reduced it still requires 250-300 kilo of grain to bring a hog to slaughter weight. He added that putting the grain (even the feeding of a good deal of more expensive bread grains) into animals gave Poland much more foreign exchange than would the export of the grain.

19. Questioned about the possible necessity to add storage capacity to carry over the additional 1.2 million ton stock for urban consumption, the Poles indicated that their present storage would cover them. They have 1.5 million tons of storage capacity in processing centers and an additional 400,000 tons of storage capacity at procurement points. U.S. agricultural representatives thought that should they succeed in buying the grain stock they're negotiating for that much of it might be stored abroad and moved in as needed. I would add that the purpose of the stock (to guard against farmer's withholding grain after reduction of compulsory delivery) may be dissolved by the very act of accumulation of the stock. When the farmer finds that there is no shortage and prices fail to rise, many of the hoarders will probably move their grain to market at the State's price.

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20. Production data were given for cotton textiles for 1955 and 60.

	(000 meters)	
	<u>1955</u>	<u>1960</u>
Cotton textiles - Running meters	558,000	681,000
Square meters	487,000	600,000

Poland exports about 10 percent of its total production of textiles, most of the export to Bloc countries, none to the United States. The Polish Delegation will prepare for the Ag. Working Group, a breakdown of these exports by country.

21. To a question on the agricultural labor force, Iwashkiewicz indicated that they may have to increase their agricultural labor force to meet the terms of the 1960 plan, but certainly no reduction is planned at present. As the labor force increases rapidly at present, this situation may be expected to produce a decline in the share of gainfully employed individuals in agriculture.

22. In discussing the above labor force question, Iwashkiewicz mentioned that labor force numbers and allocations do not play a large part in the five year term planning. He said that the Planning Commission was "working (drafting) on a long-term, 20 year, plan" which is modeled very closely on changes in the labor force and on developing a detailed system

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of allocation of the labor force. He emphasized that the 20-year plan was largely developed from labor force data although the five-year plan was largely developed from specific production targets. There would be a meshing of the two planning systems presumably in the translation of the long-term plan into five-year plans.

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